

OUR REF BARATON:SDP:AJS

17 August 2012

**To creditors**

Dear Sir/Madam

**TONY BARAKAT  
NSW 4753 OF 2012/1 (BANKRUPT ESTATE)**

We provide creditors with a brief update on material events since our report dated 10 August 2012.

**Voidable transactions**

On 10 August 2012 we made an urgent application to the Federal Court of Australia to freeze assets of \$1,615,000 owned by Vanair Pty Limited as trustee for 'The Vanair Trust' (**Vanair**). We are pleased to confirm the Court made the freezing orders sought.

The freezing orders were served on National Australia Bank (**NAB**) who confirm funds of approximately \$1,582,000 have been frozen.

The bankrupt paid funds of \$1,615,000 to Vanair in May 2012 for an unpaid debt. On 16 August 2012 we commenced proceedings against Vanair to recover funds of \$1,615,000.

We did not include details of this claim in our initial report to ensure the defendants did not get notice of our intended action. Recovery will result in an additional dividend of approximately 10 cents in the dollar for creditors.

**Asset realisations**

**Cash at Bank**

Funds of \$483,156 were recovered from the bankrupt's account with NAB. The Statement of Affairs disclosed the balance as \$503,000. We are investigating this discrepancy.

**Motor vehicles**

We obtained independent valuations of motor vehicles transferred by the bankrupt which indicate the combined values range from \$51,000 to \$66,000. We have asked for an offer from the owners of the motor vehicles to compensate the estate.

**Debtors**

Demands have been issued to all debtors seeking repayment of loans of approximately \$1,200,000 by 7 September 2012.

**Remuneration**

We enclose our initial remuneration report pursuant to Regulation 8.12A. The notice sets out the method, rates and an estimate of the expected amount of our remuneration.

## Next steps

We expect to issue a further report to creditors in September 2012 including likely quantum and timing for an interim dividend to creditors. We will continue to advise creditors as soon as practical of any other material matters.

Should you have any queries please don't hesitate to contact (02) 8280-7153 or [ppbb@linkmarketservices.com.au](mailto:ppbb@linkmarketservices.com.au).

**DATED** this 17<sup>th</sup> day of August 2012



**Scott Pascoe and Andrew Scott**  
Joint and Several Trustees in Bankruptcy  
Tony Barakat (Bankrupt Estate)

# Initial Remuneration Notice

Tony Barakat  
NSW 4753 of 2012/1  
(Bankrupt Estate)

## Remuneration Method

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

a. *Time based / hourly rates*

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

b. *Fixed Fee*

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

c. *Percentage*

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

d. *Contingency*

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

## Remuneration Method Chosen

Given the nature of this administration we propose our remuneration as trustees be calculated on Hourly Rates. This is because:

- It ensures that creditors are only charged for work that is performed;
- We are required to perform a number tasks which do not necessarily relate to realisations of property for example responding to creditor enquires, reporting to ITSA, distributing funds in accordance with the Bankruptcy Act 1966; and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the administration.

## Explanation of Hourly Rates

The hourly rates charged by PPB Advisory effective from 1 July 2012 for remuneration are set out at **Annexure "A"**. A general guide showing qualifications and experience of staff engaged in the bankruptcy and the role they take in the bankruptcy is available under the creditors section at [www.ppbadvisory.com](http://www.ppbadvisory.com).

The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

## Remuneration under the *Bankruptcy Act 1966 (the Act)*

The remuneration of a trustee may be fixed by resolution of the creditors or, if the creditors so resolve, by a committee of inspection in accordance with Section 162(1) of the Act.

If the total remuneration payable to the trustee is less than \$5,000, the trustee may claim that amount without creditor approval pursuant to Section 161B of the Act.

## Estimate of Total Remuneration

We expect to claim a total amount of remuneration of approximately \$150,000 to \$300,000 plus GST in the administration of this estate. This figure is an estimate only and is contingent on a number of different factors, including, but not limited to:

- Length of time of the current legal proceedings against Vanair Pty Limited ATF The Vanair Trust
- Whether the voidable superannuation contribution made by the bankrupt can be settled without Court intervention
- Public examinations under the Act; number of examinees and length of time required for examination
- Whether current known claims against the bankrupt's wife and other entities can be settled or will require court intervention
- Results of investigations generally; whether additional unknown assets/claims are identified which can be recovered for the benefit of creditors

Given the large number of creditors in this administration the adjudication of claims would ordinarily be time consuming and complex. As the majority of claims represent former client claims against all three partners, we will work collaboratively with the other trustees to ensure costs associated with duplication are minimised.

Dated 17<sup>th</sup> August 2012



**Scott Pascoe and Andrew Scott**  
Joint & Several Trustees in Bankruptcy  
Tony Barakat (Bankrupt Estate)



## Scale of Fees Effective 1 July 2012

New South Wales

General

Private &amp; Confidential

	<i>PPB Rate \$/ Hour (excluding GST)</i>
Partner	620
Director/Principal/Appointee	560
Senior Manager (Mgr 1)	490
Manager 2	445
Supervisor	410
Senior Analyst 1	370
Senior Analyst 2	360
Analyst 1	305
Analyst 2	240
Graduate	210
Undergraduate	190
Senior Bookkeeper	190
Bookkeeper	180
PA	150
Administration	120

Please be advised that the above rates are reviewed from time to time.  
 A general guide showing qualifications of experience of staff engaged is  
 available at [www.ppbadvisory.com](http://www.ppbadvisory.com)